

PSJ10 Exh 19

1                         UNITED STATES DISTRICT COURT  
2                         FOR THE NORTHERN DISTRICT OF OHIO  
3                         EASTERN DIVISION

4                         IN RE: NATIONAL                               )  
5                         PRESCRIPTION                               ) MDL No. 2804  
6                         OPIATE LITIGATION                       )  
7                         \_\_\_\_\_  
8                         ) Case No.  
9                         ) 1:17-MD-2804  
10                        )  
11                        )  
12                        THIS DOCUMENT RELATES ) Hon. Dan A.  
13                        TO ALL CASES                               ) Polster

14                        FRIDAY, OCTOBER 26, 2018

15                        9  
16                        HIGHLY CONFIDENTIAL - SUBJECT TO FURTHER  
17                        CONFIDENTIALITY REVIEW  
18                        - - -

19                        12                        Videotaped deposition of Stephan  
20                        13                        Kaufhold, held at the offices of LIEFF  
21                        14                        CABRASER HEIMANN & BERNSTEIN, LLP, 250 Hudson  
22                        15                        Street, 8th Floor, New York, New York,  
23                        16                        commencing at 12:03 p.m., on the above date,  
24                        17                        before Carrie A. Campbell, Registered  
25                        18                        Diplomate Reporter and Certified Realtime  
                                19                        Reporter.

20

21

22

23                        - - -  
                                GOLKOW LITIGATION SERVICES  
                                877.370.3377 ph | 917.591.5672 fax  
                                deps@golkow.com

24

25

1                   A P P E A R A N C E S :

2

3                   ROBBINS GELLER RUDMAN & DOWD LLP

4                   BY: MATTHEW S. MELAMED, ESQUIRE

5                   mmelamed@rgrdlaw.com

6                   DORY P. ANTULLIS, ESQUIRE

7                   dantullis@rgrdlaw.com

8                   1 Montgomery Street, Suite 1800

9                   San Francisco, California 94104

10                  (415) 393-1500

11                  Counsel for Plaintiffs

12

13                  WILLIAMS & CONNOLLY LLP

14                  BY: ANDREW C. MCBRIDE, ESQUIRE

15                  amcbride@wc.com

16                  725 Twelfth Street, N.W.

17                  Washington, DC 20005

18                  (202) 434-5331

19                  Counsel for Cardinal Health, Inc.

20

21                  REED SMITH LLP

22                  BY: SAMANTHA L. ROCCHINO, ESQUIRE

23                  srocchino@reedsmitllp.com

24                  Three Logan Square

25                  1717 Arch Street, Suite 3100

1                  Philadelphia, Pennsylvania 19103

2                  (215) 851-8100

3                  Counsel for AmerisourceBergen

4

5

6                  JONES DAY

7                  BY: EDWARD M. CARTER, ESQUIRE

8                  emcarter@jonesday.com

9                  325 John H. McConnell Boulevard

10                 Suite 600

11                 Columbus, Ohio 43215-2673

12                 (614) 469-3939

13                 Counsel for Walmart

14

15

1 PELINI, CAMPBELL & WILLIAMS LLC  
2 BY: PAUL B. RICARD, ESQUIRE  
3 pbricard@pelini-law.com  
4 8040 Cleveland Avenue NW, Suite 400  
5 North Canton, Ohio 44720  
6 (330) 305-6400  
7 Counsel for Prescription Supply,  
8 Inc.

9  
10

11 ROPES & GRAY, LLP  
12 BY: MAX R. MAEROWITZ, ESQUIRE  
13 Max.Maerowitz@ropesgray.com  
14 (VIA TELECONFERENCE)  
15 800 Boylston Street  
16 Boston, Massachusetts 02199-3600  
17 (617) 951-7000  
18 Counsel for Mallinckrodt

19

20 MARCUS & SHAPIRA LLP  
21 BY: DARLENE M. NOWAK, ESQUIRE  
22 nowak@marcus-shapira.com  
23 (VIA TELECONFERENCE)  
24 One Oxford Centre, 35th Floor  
25 Pittsburgh, Pennsylvania 15219-6401  
26 (412) 338-4690  
27 Counsel for HBC

28  
29

30 ARNOLD & PORTER KAYE SCHOLER, LLP  
31 BY: JOANNA PERSIO, ESQUIRE  
32 joanna.persio@arnoldporter.com  
33 601 Massachusetts Avenue, NW  
34 Washington, DC 20001-3743  
35 (202) 942-5000  
36 Counsel for Endo Pharmaceuticals  
37 Inc., and Endo Health Solutions Inc.  
38  
39

40  
41

1 MORGAN, LEWIS & BOCKIUS LLP  
2 BY: EVAN K. JACOBS, ESQUIRE  
3 evan.jacobs@morganlewis.com  
4 1701 Market Street  
5 Philadelphia, Pennsylvania 19103  
6 (215) 963-5000  
7 Counsel for Teva Pharmaceuticals  
8 USA, Inc., Cephalon, Inc., Watson  
9 Laboratories, Inc., Actavis LLC,  
10 Actavis Pharma, Inc., f/k/a Watson  
11 Pharma, Inc.

12  
13 KIRKLAND & ELLIS, LLP  
14 BY: JENNIFER LEVY, ESQUIRE  
15 655 15th Street, NW, Suite 1200  
16 Washington, DC 20005  
17 (202) 879-5000  
18 and  
19 BY: MICHAEL LEFEVOUR, ESQUIRE  
20 michael.lefevour@kirkland.com  
21 300 North LaSalle  
22 Chicago, Illinois 60654  
23 (312) 862-2000  
24 Counsel for Allergan Finance, LLC

25  
26 COVINGTON & BURLING LLP  
27 BY: ANDREW PALMER, ESQUIRE  
28 (VIA TELECONFERENCE)  
29 850 Tenth Street, NW  
30 Washington, DC 20001-4956  
31 (202) 662-6000  
32 Counsel for McKesson Corporation

33  
34 VIDEOGRAPHER:  
35 HENRY MARTE,  
36 Golkow Litigation Services

37 - - -  
38  
39  
40  
41

1                           My name's Stephan Kaufhold.

2                           I'm senior vice president, treasurer of  
3                           Allergan.

4                           My home address is 781 Backhus  
5                           Estate Road, Glen Gardner, New Jersey. My  
6                           work address is 5 Giralda Farms, Madison, New  
7                           Jersey.

8                           Q.         My job today is to ask clear  
9                           questions. If the question I ask is unclear,  
10                          please let me know.

11                          A.         Sure.

12                          Q.         Please answer audibly, as you  
13                          are doing. Please avoid shaking your head or  
14                          nodding for a no or yes respectively.

15                          Okay?

16                          A.         Understood.

17                          Q.         And similarly, please answer  
18                          with easily transcribable words such as yes  
19                          or no and not uh-huh or huh-uh.

20                          Okay?

21                          A.         Yes.

22                          Q.         Have you been deposed before?

23                          A.         I have.

24                          Q.         So you're generally familiar  
25                          with the process?

1 A. I am.

2 Q. You understand that you've been  
3 designated by a corporation to speak on  
4 behalf of that corporation in your testimony  
5 today, correct?

6 A. That is correct.

7 Q. What is the name of the entity  
8 that designated you to testify on its behalf?

9 A. It would be Allergan PLC.

10 Q. And you are currently an  
11 employee of Allergan PLC; is that correct?

12 A. That is not correct.

13 Q. Who are you currently employed  
14 by?

15 A. I'm employed by Allergan Sales,  
16 LLC.

17 Q. What is Allergan Sales, LLC's,  
18 relationship to Allergan PLC?

19 A. It is an indirect subsidiary.

20 Q. Can you please tell me your  
21 educational and employment history from --  
22 starting from college and going through to  
23 present?

24 A. Absolutely.

25 Undergraduate degree from

1 Loyola College, which is now Loyola  
2 University, in Baltimore, Maryland; business  
3 administration, BA, concentration economics,  
4 finance.

5 I also have a BS in accounting  
6 from St. Peters College.

7 Graduate degree, MBA, in  
8 corporate finance from Fairleigh Dickinson,  
9 and I've done some postgraduate work at  
10 Columbia University.

11 From an employment perspective,  
12 since graduating college, if you want to go  
13 that far back, first job was with Security  
14 Pacific Finance Corp., which was consumer  
15 lending.

16 I then worked for Chase  
17 Manhattan Leasing as a credit analyst. That  
18 was then -- that operation was bought by AT&T  
19 Credit Corporation financing telephone sets.

20 We were then sold to Nomura  
21 Securities PLC, followed by a sale to  
22 Newcourt Credit.

23 We were then bought by CIT.

24 CIT was sold to Tyco; we went  
25 public again.

1 had a chance to look through those and ask  
2 Special Master Cohen and, if necessary, Judge  
3 Polster for the right to do so because of  
4 these late-produced documents.

5 Did you talk to anybody at  
6 Allergan or any Allergan-related entity in  
7 preparation for your testimony today?

8 A. I have spoken to some people  
9 within the company, yes.

10 Q. Who have you spoken to?

11 A. Members of our tax group.

12 Q. Which members of your tax  
13 group?

14 A. Marty Shindler, Carina  
15 Sinclair.

16 Q. Why did you speak to members of  
17 the tax group?

18 A. Carina is the one who tracks  
19 and maintains the corporate structure slides  
20 that we've provided, and in regard to the  
21 ANDAs and the transfers of IP, I spoke to  
22 Marty Shindler as well.

23 Q. Is Marty Shindler also in the  
24 tax group?

25 A. Yes, he is.

1 Q. And what tax -- what entity's  
2 tax group do these people work for?

3 What is the name of the  
4 corporation they work for?

5 A. They work for Allergan Sales,  
6 LLC.

7 Q. Does Allergan PLC maintain its  
8 own tax group separate and distinct from  
9 Allergan Sales, LLC?

10 A. Does not.

11 Q. And you mentioned you spoke to  
12 outside counsel in preparation for today's  
13 deposition, correct?

14 A. That's correct.

15 Q. About how many times did you  
16 speak with outside -- let -- let me withdraw  
17 that.

18 About how many hours total did  
19 you speak with outside counsel in preparation  
20 for the deposition?

21 A. Probably somewhere between 15  
22 and 20 hours.

23 Q. Over what period of time did  
24 those 15 to 20 hours occur? For example, was  
25 that during the last week? Was it over the

1 last month?

2 A. It was over the last -- I would  
3 say over the last week.

4 Q. Did you speak with anybody  
5 aside from colleagues at Allergan entities  
6 and outside counsel in preparation for  
7 today's deposition?

8 A. I have not.

9 Q. Did you speak to anybody at  
10 Teva Pharmaceuticals in preparation for  
11 today's deposition?

12 A. I have not.

13 Q. You're aware that some of the  
14 subject matter covered by today's deposition  
15 concerns generic opioids that were sold by  
16 Allergan PLC to Teva, correct?

17 A. Could you rephrase that,  
18 please?

19 Q. One of the subjects we're going  
20 to talk about today is generic opioids,  
21 correct?

22 A. That is correct.

23 Q. And the generic opioids were  
24 sold by Allergan PLC, correct?

25 A. Allergan PLC was the party to

1 and here "we" is the "financial information  
2 and transactions of Watson Pharmaceuticals,  
3 Inc., prior to January 2013, Actavis, Inc.,  
4 from January 2013 to October 2013, and  
5 Allergan PLC and Warner Chilcott Limited,  
6 subsequent to October 2013.

7 You see that, correct,  
8 regarding "we"?

9 A. Actavis, comma, Inc., from  
10 January 23, 2013, to October 1, 2013.

11 Q. Okay. And the rest of what I  
12 said was correct?

13 A. Yes.

14 Q. Okay. That "we" will receive  
15 \$33.75 billion in cash and 100.3 million Teva  
16 ordinary shares or American depository  
17 shares, correct?

18 A. Yes.

19 Q. Is that what Allergan PLC  
20 received for the sale of its generics  
21 business to Teva?

22 A. At the -- this was, again,  
23 2015. This had a certain value of the 100  
24 million shares. On the day it closed, the  
25 100 million shares would have been valued

1 something different than what is in this  
2 agreement.

3 Q. So you did -- Allergan PLC did  
4 receive approximately \$33.75 billion in cash?

5 A. That is correct.

6 Q. And then it received --

7 A. Shares.

8 Q. -- some -- some body of  
9 approximately 100 million shares, give or  
10 take, depending on the current value of the  
11 shares?

12 A. Exactly.

13 Q. Where did that money get -- on  
14 whose financial statements were the  
15 \$33.75 billion in cash recorded?

16 A. Would have been recorded --  
17 again, I don't have that direct knowledge.

18 Q. You were the treasurer --  
19 currently your job is as treasurer, correct?

20 A. Yes.

21 Q. And you're treasurer of --  
22 what's the name of the company? It's  
23 Allergan...

24 A. I'm treasurer of several legal  
25 entities in the Allergan group of companies.

1 Q. I'm sorry, who's your -- who  
2 are you employed by?

3 A. I'm employed by Allergan Sales,  
4 LLC.

5 Q. And as treasurer of Allergan  
6 Sales, LLC, one of the companies that you  
7 provide services to, that you are treasurer  
8 for, is Allergan PLC, correct?

9 A. That is correct.

10 Q. Do you know whether the  
11 \$33.75 billion went on to Allergan PLC's  
12 financial statements?

13 A. It went on its consolidated  
14 financial statements.

15 Q. Do you know what happened to  
16 that money --

17 A. Yes.

18 Q. -- how it derived through --  
19 how it made its way through the organization,  
20 if it did?

21 A. Yes.

22 Q. What happened to the  
23 \$33.75 billion?

24 A. When we received the company,  
25 some of it, approximately \$6.2 billion, went

1 to -- would have been called Actavis Capital  
2 S.a.r.l., okay, where we had debt  
3 outstanding. We paid off approximately  
4 6.2 billion of term loans, so the proceeds  
5 went there.

6 A portion of the proceeds also  
7 went to, I believe it would have been, the  
8 Holdco, which was the owner, who had its net  
9 investment in the group that we sold to Teva.

10 Q. What was the owner of the  
11 hold -- what was the Holdco that sold the  
12 generics entities?

13 A. In regard to the August 2,  
14 2016, org chart, page 2 of 6 -- and again,  
15 this is MDL03674502. If you go to page 2,  
16 you see the top box that's in yellow, Actavis  
17 Holdco US, that was sold to Teva.

18 It's direct parent was Allergan  
19 Holdco US, comma, Inc. So a portion, a  
20 majority of the funds, went to that entity.

21 Q. At that point in time did  
22 Allergan Holdco US, comma, Inc., have any  
23 employees?

24 A. No, it did not.

25 Q. Did Actavis Holdco US, comma,